

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

## **THE NEXT BIG BUSINESS OPPORTUNITY FOR NATIONAL GEOGRAPHIC IBERIA**

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### **INDIVIDUAL PART ON BRANDING & ASSORTMENT**

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January 6, 2017

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## 1 Customer-Based Brand Equity

Customer-based brand equity (CBBE) is the effect that brand knowledge has on consumer's response to the brand's communication. Positive brand equity derives when the consumer reacts more favourably to a product as a result from marketing efforts. The model suggests that *“the power of a brand lies in what customers have learned, felt seen, and heard about the brand as a result of their experiences ... the power of a brand lies in what resides in the minds of customers”* (Keller, 2008). Hence, according to Keller, brand equity is gained from the consumer's knowledge of a brand, which consists of two components: the brand awareness and the brand image. The brand awareness is measured through customers' ability to recall and recognise a brand. There should be a balance between the two as the Brand Graveyard Model by Young and Rubicam Europe quoted by Aaker (2002) suggests that a brand that has high recognition and low recall is likely to die (keeping in mind, the model does not represent all types of brands, and excludes e.g. retail brands). The brand image refers to how consumers perceive a brand as reflected by the brand association held in the consumer's memory.

According to a research made by Phoenix Marketing International (2016), National Geographic (NG) has an exceptionally high brand recognition: 93% in Portugal and 76% in Spain (Appendix 1.1). Recall is not available, however, the research also showed that, globally, NG Channel ranked number 2 with 38% brand strength (defined in Appendix 1.2-1.3) – 1% behind YouTube. The brand strength also indicates that the NG brand has a strong and positive image comparing with its competitors.

## 2 Importance of a Favourable Brand

One of the main reasons why building a strong brand identity – that translates into a positive and consistent brand image – is so important, is because today's advanced and largely available technology allows competitors to quickly imitate otherwise innovative products (Kapferer, 2012). Hence a company may spend a long time on developing a distinct product

but, if proven successful, competitors are likely to copy it relatively easily. This is where the brand plays an important role in differentiating similar products. What makes a consumer choose one product from another very similar product is frequently the associations they make with the brand. This is also the case in the Escape Game market. A person can spend years on crafting a game, and a clone comes out shortly after, usually even in an improved version (Nicholson, 2015); and this is also likely to happen eventually with the NG Escape Rooms. Therefore, being under the NG brand will be crucial for the continuous success of the NG Experience.

### 3 Brand Identity

A brand's identity is a lot more than just its name. *"It is the vision that drives the creation of products and services under that name"* (Kapferer, 2012). Furthermore, Kapferer (2012) explains that defining one's brand is key to knowing how the brand should communicate to its consumers. If the brand's uniqueness and values are not communicated correctly or are inconsistent throughout different markets or products, the consumers will create several different opinions about it; resulting in an unpredictable brand image which can potentially hurt the brand equity. This is an issue NG is currently facing. Identified through a research made by Basis Research in August 2016, NG has three perceived personalities: The Loudmouth, The Adventurer, and The Retired Explorer (Appendix 2.1). How the consumers perceived NG was largely based on which NG product they consumed (Appendix 2.2), which indicated that it has not been persistent enough in its product extensions.

So what defines a 'passion brand'? They must have *"character, their own beliefs, and as a result help consumers in their life, and also in discovering their own identity"* (Kapferer, 2012). To ensure the brand delivers all of the above mentioned, Kapferer identified that a brand's identity has six facets: Physique, Personality, Culture, Relationship, Customer Reflection, and Self-Image – also referred to as the brand identity prism.

- *Physical:* The physical facet is the first step to building a brand. “*What is it concretely? What does it do? What does it look like?*” (Kapferer, 2012). It is the brand’s most salient physical features (which immediately come to mind of consumers) and symbols that add a tangible value. This can be a name, logo, colour, key product, packaging, slogan etc.
- *Personality:* The brand’s personality is gradually built up through its communication. If the brand was a human, who would it be? The brand’s human traits make it easier for consumers to identify with its personality and thereby create an emotional bond. This also explains why many brands are presented by famous people as it is the easiest way to portray a character. The personality is usually the source of tone and style of advertising.
- *Culture:* This is believed to be the most important facet of brands, as it is what makes consumers understand the difference between two competitors. It is the brand’s values that make it unique. E.g. is a difference between NG and Discovery that NG delivers more premium content and Discovery content is more reality based. Brands should aim to be a vision of the world and meaningful, which, according to Kapferer (2012) is often achieved through becoming answers to a social issue. However, as NG is a global brand that is not associate with one country, it approaches issues concerning the well-being of the planet and its species – issues that are relevant to the world population (that cares). This vision has proven to be highly successful for the brand.
- *Relationship:* This facet is particular important to NG Experience and its escape rooms as it defines “*the way the brand acts, delivers services, and relates to its customers.*” Services are, by definition, relationships (Kapferer, 2012). It is very much about what the brand gives to the consumer.
- *Customer Reflection:* The reflection of a brand is how the brand wants its consumers to perceive its client type. It is therefore not the brand’s actual clients (target), but rather a reflection of how the consumer wishes to be seen as a result of using a specific brand. It is vital

to keep in mind here, that consumers use brands to build their own aspired identity. The reflection is the target's outward mirror.

- *Self-Image*: As the reflection (mentioned above) is the target's outward mirror, the self-image is the target's internal mirror and it is very much related with how the brand aspires its consumers to feel internally when they use the brand.

One of the main objectives of the identity prism is to guide the brand's communication; and behind any type of communication there is a sender (brand) who is created through the physical and personality facets. Furthermore, the brand addresses a certain type of person or audience – a recipient, who is illustrated in the customer reflection and self-image facets. The two facets in the middle, namely relationship and culture, aim to connect the sender with the recipient, hence, in a human based relationship, it would be what two people have in common and bond over.

Additionally, the brand identity prism is divided into two: external and internal. The external part consists of the physique, relationship and reflection that give the brand an outward expression. The internal part made out of the personality, culture and self-image are incorporated within the spirit of the brand itself.

As NG is facing difficulties with several perceived personalities, likely due to inconsistencies in their product extensions' communicated messages, it rebranded itself in November 2016 with a big international launch of highly innovative series *Mars*. *Mars* combines Hollywood-style futuristic fiction, current documentary, and historic footage, creating a perfect balance between entertainment and education. This is exactly what NG wants the basis for its identity to be. It has established The Magician archetype to act as a centre of gravity for its brand personality (Appendix 2.3). Moreover, the goal with the rebranding is to reinforce NG as a masterband with one perceived personality across all of its products. Hence the identity of NG

Experience needs to be highly aligned with that of the NG masterbrand. See Appendix for 2.4 and 2.5 for the identity prisms of NG and NG Experience, respectively.

## 4 Brand Architecture

The brand architecture is part of the branding strategy and includes defining its boundaries and complexity: *“Which products should share the same brand name? How many variations of the brand name should be employed?”* (Keller, 2008). Additionally, Keller highlights, the brand strategy has as purpose to clarify the brand awareness and motivate the brand image. Hence it aims to improve the consumer’s knowledge of the products, and transfer the brand’s equity to its products.

According to Kapferer (2012), there are five questions that should be asked when defining the brand architecture: *“How to call new products,” “how many brand levels to adopt,” “how much visibility to give to the corporate brand,” “should there be a different name for the company and the commercial brand,”* and *“and should the same architecture apply around the world.”*

The first step is to decide whether it should be a branded house, a house of brands or somewhere in between. Kapferer then identified six types of architectures in this range that define most brand’s strategies: the product-brand strategy, the flexible umbrella strategy, the masterbrand strategy, the marker’s mark strategy, the endorsing brand strategy, and the source brand strategy (there are many exceptions that do not fall into one of the six types or are a combination).

- *The product-brand strategy* is usually adopted by houses of brands and usually has two levels (or more). The corporate brand is not defined at all in its commercial brands and their products. Many have a broad portfolio of commercial brands – all with distinct identities – whose purpose is to differentiate their products through personalization. Many companies have adapted this strategy, as it limits the damage of scandals from one brand on another.

- *The flexible umbrella brand strategy* is not often used anymore – apart from in Japan: Yamaha, Toshiba etc. –as it can be highly confusing to companies. The company usually operates in very different categories with the same name; hence it is a big issue when building an identity since the brand can impossibly appeal to all of its targeted consumers.
- *The masterbrand strategy* is characterised by having one single level of the brand, which is usually also the corporate brand; the complete opposite to the product-brand strategy. It is a branded house, and everything the brand does, needs to be aligned with the brand's values. Adopting this strategy is usually to reassure size and power. A major disadvantage with this strategy is that if a product or local department of the brand does not comply with its values, it will reflect on the whole brand and of its products.
- *The endorsing brand strategy* also has two or more levels. It is generally a house of brands that whose corporate brand has a strong awareness, reputation and trust, and therefore chooses to endorse its commercial brands to translate its brand equity to them. Corporate brand is usually present in everything the commercial brand does.
- *The source brand strategy* is a relatively rare nowadays as it is very difficult to use. This is a strategy in which two brands are represented equally in the brand name and is most commonly used in mergers, as companies do not want to lose consumers. E.g. VW Golf, and Garnier Fructis and Garnier Nutrisse.

The brand architecture of NG seems to be very simple: it is a branded house and a masterbrand – which also corresponds to their aim. However, it is not that simple. In September 2015, NG Partners went into a joint venture with 21<sup>st</sup> Century Fox, who now owns 77% of NG Partners and has the rights over the brand and all of its consumer based products. NG Society – a not for profit educational organisation – was the original founder of the NG brand; and its identity and values as well as image has always been recognized as such. However, NG Society only owns 23% of the brand's shares now. Hence, the brand is no longer managed by the



organisation that was the core of its brand identity and values, but by a corporation that is highly profit-oriented. Most consumers might not be aware of this, however, there it can result in large complications and conflicts for the NG brand and its loyal consumers.

So, NG brand – although it wants to be a masterbrand – has in fact three levels: NG Partners (as the corporate brand), Fox (as the majority shareholder), and NG Society (as the endorsing brand) (Appendix 3.1).

## 5 Brand Elements

It is often said that a brand is comparable to an iceberg, most of its identity is not physically visible to the consumer. The brand elements are the visible part of the iceberg. According to Keller (2008), the main brand elements are: brand name, domain name and URL, logo, symbols, characters, spokespeople, slogans and packaging (with more). Keller's CBBE model suggests, that "*brand elements can be chosen to enhance brand awareness; facilitate the formation of strong, favourable and unique brand associations; or elicit positive brand judgements and feelings*" (2008).

Additionally, there are six main criteria for choosing brand elements. They should be (1) *memorable* in order to aid recall and recognition at point of purchase or consumption; (2) *meaningful* to enhance the formation of brand association; (3) *likeable* in the sense of aesthetics (e.g. fun and interesting); (4) *transferable* to both other product categories and other geographical locations; (5) *adaptable* to be updated over time to maintain contemporary in the unforeseeable future; and they should be chosen based on whether or not they can be (6) *protected* legally and in a competitive sense (Keller, 2008).

Brand elements chosen for the NG Experience were largely based on those of the NG brand:

- *Name and logo*: NG Partners has very strict rules when it comes to product extensions. Its name – *National Geographic* – always needs to include, and it should be distinguished from other NG product through a tagline (one word) following the masterbrand's name and logo.

NG Partners also have very specific criteria for font, size, position etc. of their product's names and logos (Appendix 4.1). The name *National Geographic Experience* was chosen because it was believed to tick the box of every criteria, whilst being representative of the concept as a whole. One of the main reasons why *Escape Game* was not chosen to be included in the name, is because escape games are increasingly moving away from the actual definition of escaping a room (and so will be the case for the NG Escape Rooms).

- *Domain name and URL:* The website will be an extension of NG's website: [www.nationalgeographic.com/experience](http://www.nationalgeographic.com/experience). To reinforce NG as a masterbrand, NG Partners are currently in the process of collecting all of its online touchpoints in one place, and so will be the case for NG Experience. The extended website for this concept will also follow the layout of the main page (Appendix 4.2).
- *Symbol:* As can be seen in Appendix 1.1, the NG's yellow icon has very high recognition on its own: 74% in Portugal, and 51% in Spain. Therefore, it will also get a life of its own in the NG Experience. To associate the different services delivered inside the flagship store with NG without it looking overfilled with the logo, the yellow icon will be dominant (except for by the entrance main entrance).
- *Slogan:* NG's current slogan is "*Further*" ("*Mais Além*" for NG in Portugal): "*A Further-Thinking Company*," that is "*Going Further*." Reflected in this slogan is that NG is "*the destination for the best stories in the world of science, adventure and exploration, told in the most contemporary and innovative ways*." NG Experience will, likewise, be the destination for best escape rooms in the world of science, adventure and exploration, thus its slogan will be: "*A Further-Thinking Experience*."
- *Package:* The NG Experience will include merchandise; therefore, a catchy, yellow paper bag will be part of its brand elements. At the moment, NG mainly uses black bags for

merchandises in Portugal and Spain – though it has/had yellow paper bags in the past. To make it more memorable and likeable element, the yellow bag will be reinforced in the concept. To see illustrations of logo, icon and packaging, see Appendix 4.3.

There was not identified a specific Iberian spokesperson. However, this should be a known character that is highly aligned with NG Experiences personality traits.

## 6 Assortment Plan

An assortment plan is, generally, the set of SKUs a business will offer in each merchandise category – it reflects the breadth and depth of merchandise offered (Levy and Weitz, 2014). This is slightly different in the case of NG Experience since its core is escape rooms which do not consist of merchandises, but are a service. So the assortment plan considers the breadth and depth of rooms rather than SKUs. Additionally, highly important to the delivery of a services product, are complementary services. Services are all about building a relationships with the consumer; therefore, a successful service should offer more than just a product, it needs to deliver a complete and memorable experience. To achieve this, it needs to have a strong, core service but, what will take it to the next level, are the complementary services (Lovelock and Wirts, 2016). The complementary services to the NG escape rooms will be: a coffee area, merchandise, and a free-of-charge explorer area (Appendix 5.1).

- *Breadth* is the variety of different product categories within a department. For escape games, it is the number of different themes they hold (not the number of rooms); for cafés, it is the different categories on their menu offering; and for merchandise, it is the number of different merchandising categories.
- *Depth* is the assortment itself and defines the number of SKUs within a merchandising category; e.g. different coffee beverages within a coffee menu; and rooms within an escape game.

See Appendix 5.2 and 5.3 for the assortment plan for the coffee area and merchandise.

The most normal assortment plan for escape games in Iberia, is that they have only breadth, and no depth. Hence, they do not repeat themes in different rooms. The average breadth of escape games in Iberia is 2.0, and depth is 2.3. Hence, only 15% include the same theme in more than one room (Appendix 5.4). Another thing that needs to be considered with the escape rooms and café since they are service based, is that they perish at the end of the day. Therefore, there needs to be a consistent attempt to match supply with demand. This is a continuous process and it needs to be monitored as such. Knowing exactly how the assortment plan should look like beforehand is hard to measure, in particular, because currently there is no escape game with a brand as big as NG's. A comparison was made between the best companies in Iberia, which concluded that the most normal breadth among them was 3 themes (Appendix 5.5). Having in consideration the added brand value of NG, it was estimated that the demand for the NG escape rooms would be higher; hence an assortment plan of 4 themes/rooms: *Mars*, *60 y / 60 min*, *Criminal Science*, and *The Explorer* (Appendix 5.6-5.9).

## 7 References

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